

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In Re:</b>	<b>§</b>	<b>Chapter 11</b>
	<b>§</b>	
<b>W.R. GRACE &amp; CO., et al.,</b>	<b>§</b>	<b>Jointly Administered</b>
	<b>§</b>	<b>Case No. 01-01139 (JKF)</b>
<b>Debtors.</b>	<b>§</b>	
	<b>§</b>	

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING  
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES  
FOR THE THIRTIETH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Thirtieth Interim Period (collectively referred to hereafter as the “Applications”).<sup>1</sup>

**BACKGROUND**

1. David T. Austern (“Austern”) was retained as the Legal Representative for Future Claimants. Austern seeks approval of fees totaling \$16,750.00 and expenses totaling \$2,203.00 for his services during the Application Period.

2. Baker Donelson Bearman Caldwell & Berkowitz, P. C. (“Baker Donelson”), was retained as advisor for legislative affairs to the Debtors. Baker Donelson seeks approval of a flat fee

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<sup>1</sup>The Thirtieth Interim Period encompasses July 1, 2008 through September 30, 2008 (the “Application Period”).

totaling \$60,000.00<sup>2</sup> and expenses totaling \$82.72 for its services during the Application Period.<sup>3</sup>

3. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge seeks approval of fees totaling \$144,089.00 and expenses totaling \$986.54 for its services during the Application Period.

4. Blackstone Advisory Services L.P. (formerly known as The Blackstone Group L.P.) (“Blackstone”) was retained as financial advisor to the Debtors. Blackstone seeks approval of fees totaling \$525,000.00<sup>4</sup> and expenses totaling \$12,482.08 for its services during the Application Period.

5. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$67,306.50 and expenses totaling \$6,211.38 for its services during the Application Period.

6. Caplin & Drysdale, Chartered (“Caplin & Drysdale”), was retained as national counsel to the Official Committee of Asbestos Personal Injury Claimants. Caplin & Drysdale seeks approval of fees totaling \$403,262.00 and expenses totaling \$20,326.98 for its services during the Application Period.

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<sup>2</sup>For the Application Period, Baker Donelson lists 39.50 hours worked, which computes to an effective hourly rate of \$1,518.99.

<sup>3</sup>Under the retention orders currently in effect, Baker Donelson is authorized to charge fees of \$30,000.00 per month. We note that Baker Donelson’s fees did not exceed \$30,000.00 per month during the Application Period. Thus, we have no objection to Baker Donelson’s fees on that basis.

<sup>4</sup>For the Application Period, Blackstone lists 1,094.50 hours worked which computes to an effective hourly rate of \$479.67.

7. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$195,029.00 and expenses totaling \$42,628.85 for its services during the Application Period.

8. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$108,192.75 and expenses totaling \$84.00 for its services during the Application Period.

9. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$50,136.50 and expenses totaling \$470.84 for its services during the Application Period.

10. Deloitte & Touche LLP (“Deloitte & Touche”) was retained to provide risk management and crisis management planning services to the Debtors and Debtors-in-Possession. Deloitte & Touche seeks approval of fees totaling \$29,655.00 and expenses totaling \$787.19 for its services from April 1, 2008 through June 30, 2008 (the “Twenty-Ninth Interim Period”), as well as fees totaling \$34,843.00 and expenses totaling \$7,519.00 for its services from July 1, 2004 through September 30, 2004 (the “Fourteenth Interim Period”)<sup>5</sup>

11. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$54,906.00 and expenses totaling \$5,128.81 for its services during the Application Period.

12. Foley Hoag LLP (“Foley Hoag”) was retained as special environmental counsel to

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<sup>5</sup>We have verified that the fees and expenses which Deloitte & Touche seeks for the Fourteenth Interim Period have not previously been requested in any other quarterly fee application.

the debtor. Foley Hoag seeks approval of fees totaling \$50,589.82 and expenses totaling \$175.60 for its services during the Application Period.

13. Fragomen, Del Ray, Bernsen & Loewy, LLP (“Fragomen”), was retained as special immigration counsel to the Debtors. Fragomen seeks approval of fees totaling \$20,500.00 and expenses totaling \$8,232.24 for its services during the Application Period.

14. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”), was retained as consultant to the Official Committee of Asbestos Property Damage Claimants. HRA seeks approval of fees totaling \$937.50 and no expenses for its services during the Application Period.

15. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$1,137.50 and expenses totaling \$3,550.61 for its services during the Twenty-Ninth Interim Period, and fees totaling \$11,821.00 and expenses totaling \$6,656.41 for its services during the current Application Period.

16. Kramer Levin Naftalis & Frankel LLP (“Kramer”) was retained as co-counsel to the Official Committee of Equity Holders. Kramer seeks approval of fees totaling \$271,548.00 and expenses totaling \$6,211.59 for its services during the Application Period.

17. Legal Analysis Systems, Inc. (“LAS”), was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. LAS seeks approval of fees totaling \$48,157.50 and no expenses for its services during the Application Period.

18. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. Nelson Mullins seeks approval of fees totaling \$4,296.00 and expenses totaling \$42.44 for its services during the Application Period.

19. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the

Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN\$387,223.50<sup>6</sup> and expenses totaling CDN\$3,660.38 for its services during the Application Period.

20. Pachulski Stang Ziehl & Jones, LLP (“Pachulski”), was retained as counsel to the Debtors. Pachulski seeks approval of fees totaling \$153,224.00 and expenses totaling \$89,174.61 for its services during the Application Period.

21. Phillips, Goldman & Spence, P.A. (“PG&S”), was retained as local counsel to David T. Austern, Future Claimants’ Representative. PG&S seeks approval of fees totaling \$27,323.00 and expenses totaling \$2,666.07 for its services during the Application Period.

22. Piper Jaffray & Co. (“PJC”) was retained as financial advisor to David T. Austern, Future Claimants’ Representative. PJC seeks approval of a flat fee totaling \$150,000.00<sup>7</sup> and expenses totaling \$1,575.96 for its services during the Application Period.

23. Protiviti Inc. (“Protiviti”) was retained as Sarbanes-Oxley compliance advisor to the debtors. Protiviti seeks approval of fees totaling \$37,012.50 and expenses totaling \$2,538.58 for its services during the Application Period.

24. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$572,574.00 and

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<sup>6</sup>Consistent with Ogilvy Renault’s Application, all dollar amounts in this report pertaining to Ogilvy Renault are in CDN.

<sup>7</sup>For the Application Period, PJC lists 379.90 hours worked, which computes to an effective hourly rate of \$394.84.

expenses totaling \$118,418.69 for its services during the Application Period.<sup>8</sup>

25. Steptoe & Johnson LLP ("Steptoe") was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$205,229.00 and expenses totaling \$3,752.11 for its services during the Application Period.

26. Tre Angeli LLC ("Tre Angeli") was retained as financial advisor to David T. Austern, Future Claimants' Representative. Tre Angeli seeks a flat fee of \$140,000.00<sup>9</sup> and expenses totaling \$1,219.01 for its services during the Application Period.

27. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2008, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States

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<sup>8</sup>We note that on or about August 26, 2002, the Court entered an order approving a total budget for the ZAI Science Trial of \$1.5 million in fees and \$500,000 in expenses for the debtor, as well as \$1.5 million in fees and \$500,000.00 in expenses for ZAI counsel. On July 28, 2003, the Court entered an order increasing the budget by \$950,000 per side for additional attorney fees and expenses. On September 27, 2004, the Court entered an order further increasing the litigation budget in the ZAI Science Trial by \$750,000.00 per side for additional attorneys' fees and expenses. We note that the ZAI-related fees and expenses of Reed Smith, combined with those of Kirkland & Ellis LLP, have not exceeded the budget limits set by the Court, and we have no objection to Reed Smith's fees on that basis.

<sup>9</sup>For the Application Period, Tre Angeli lists 206.00 hours worked, which computes to an effective hourly rate of \$679.61.

District Court for the District of Delaware, and the Third Circuit Court of Appeals.

## **DISCUSSION**

28. We have no objections to, or issues with, any of the Applications.

## **CONCLUSION**

29. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. Austern - \$16,750.00 in fees and \$2,203.00 in expenses;
- b. Baker Donelson - \$60,000.00 in fees and \$82.72 in expenses;
- c. Beveridge & Diamond - \$144,089.00 in fees and \$986.54 in expenses;
- d. Blackstone - \$525,000.00 in fees and \$12,482.08 in expenses;
- e. Campbell & Levine - \$67,306.50 in fees and \$6,211.38 in expenses;
- f. Caplin & Drysdale - \$403,262.00 in fees and \$20,326.98 in expenses;
- g. Casner - \$195,029.00 in fees and \$42,628.85 in expenses;
- h. Charter Oak - \$108,192.75 in fees and \$84.00 in expenses;
- i. Day Pitney - \$50,136.50 in fees and \$470.84 in expenses;
- j. Deloitte & Touche - \$29,655.00 in fees and \$787.19 in expenses for the Twenty-Ninth Interim Period, and \$34,843.00 in fees and \$7,519.00 in expenses for the Fourteenth Interim Period;
- k. Ferry Joseph - \$54,906.00 in fees and \$5,128.81 in expenses;
- l. Foley Hoag - \$50,589.82 in fees and \$175.60 in expenses;
- m. Fragomen - \$20,500.00 in fees and \$8,232.24 in expenses;
- n. HRA - \$937.50 in fees;
- o. Holme - \$1,137.50 in fees and \$3,550.61 in expenses for the Twenty-

Ninth Interim Period, and \$11,821.00 in fees and \$6,656.41 in expenses for the current Application Period;

- p. Kramer - \$271,548.00 in fees and \$6,211.59 in expenses;
- q. LAS - \$48,157.50 in fees;
- r. Nelson Mullins - \$4,296.00 in fees and \$42.44 in expenses;
- s. Ogilvy Renault - CDN\$387,223.50 in fees and CDN\$3,660.38 in expenses;
- t. Pachulski - \$153,224.00 in fees and \$89,174.61 in expenses;
- u. PG&S - \$27,323.00 in fees and \$2,666.07 in expenses;
- v. PJC - \$150,000.00 in fees and \$1,575.96 in expenses;
- w. Protiviti - \$37,012.50 in fees and \$2,538.58 in expenses;
- x. Reed Smith - \$572,574.00 in fees and \$118,418.69 in expenses;
- y. Steptoe - \$205,229.00 in fees and \$3,752.11 in expenses; and
- z. Tre Angeli - \$140,000.00 in fees and \$1,219.01 in expenses.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

By:



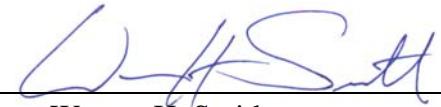
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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 19<sup>th</sup> day of March, 2009.



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Warren H. Smith

**SERVICE LIST**

Notice Parties

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